Market Crash: Hedge Your Portfolio With These 2 Top Growth Stocks

Description

April has gotten off to a decent start, as the markets have bounced off March lows. Month to date, the S&P TSX Index is up 8.40%, as investors enjoy a reprieve from one of the worst months on record. Unfortunately, the market crash may not yet be over, and investors will want to maintain a defensive position.

Part of that strategy, includes investing in companies that will do well in an environment of social isolation. Since this market crash is like no other, investors must think outside the box when it comes to their stock picks.

Case in point, there are a few stocks that are hitting 52-week highs. These stocks are worth a closer look, as they are tailor-made for today's market crisis.

A hedge against COVID-19 market crash

The stock market crash of 2020 is a pandemic-induced event. COVID-19 will usher in an era of new normal. Of the utmost importance is proper health and hygiene — enter **Jamieson Wellness** (TSX:JWEL).

In Canada, the Jamieson brand is a household name. It is the market leader in the vitamins, minerals, and nutrition supplements industry. According to research, less than 30% of Canadians take a vitamin, and more than 60% don't get enough nutrients from food.

Since the COVID-19 crisis began, demand for Jamieson's products has been on an upswing. This is not surprising, as individual health is at the front of everyone's minds. The COVID-19 pandemic has been life changing, and it is likely that Canadians will continue to increase their vitamin intake.

Last week, Jamieson announced that first-quarter revenue is expected to be approximately $83.0-$84.5 million. This is well above the street forecast for $75.8 million.

This week, the company hit a 52-week high, and it is now trading at 26 times forward earnings. Year to date, Jamieson's stock price is up by 12.78% far outpacing the S&P/TSX Index (-18.20%) during this market crash.

Although not cheap, there are plenty of growth opportunities for the company. Analysts expect high, single-digit growth over the next couple of years.

A leading cloud tech company

An interesting phenomenon is occurring — technology companies are becoming leading defensive stocks in this market crash. The work-from-home movement and e-commerce have taken centre stage in a world where countries are in lockdown.

One stock that is taking full advantage is **Kinaxis** (TSX:KXS). Up by 19.98% year to date, Kinaxis also hit 52-week highs this past week. Kinaxis specializes in cloud-based supply chain management. Despite the market crash, the demand for its products in support of e-commerce is likely strong.

The company's subscription-based model leads to predictable revenue. In an environment where guidance is far from certain, visibility into revenue and earnings is a positive. Investors like certainty, and Kinaxis's business model lends well to this. Not to mention, it has a strong balance sheet, with $182 million in cash and little debt.

Much like Jamieson, Kinaxis won't come cheap. It is trading at 76.92 times forward earnings and at almost 10 times book value. Given its high valuation, it is best to average into a position. Likewise, since the market crash is expected to take another big downturn, it is an excellent buy-the-dip candidate.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:JWEL (Jamieson Wellness Inc.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date
2025/08/14
Date Created
2020/04/17
Author
mlitalien